



Controlling Unemployment Tax Costs

DESCRIPTION

Utah's "benefit ratio" system provides a unique opportunity for businesses to manage their unemployment tax costs. Since the basic tax rate is now determined by the unemployment benefits paid to former employees, it is to your advantage to monitor these charges to ensure they are correct and to manage personnel practices to reduce layoffs wherever possible.

REVIEW YOUR PERSONNEL PRACTICES

- Screen applicants to be sure they are properly suited for the work.
- Have clear written statements of policy and rules concerning employee conduct at work.
- Monitor new employee's progress carefully.
- Keep accurate records of attendance, tardiness, and all warnings given.
- Do not condone violations of rules. Be consistent in disciplinary actions.
- Conduct exit interviews and document the reason for separation.

MONITOR BENEFIT NOTICES AND CHARGES

- Be specific in providing separation explanations to the Department of Workforce Services (DWS).
- Carefully read and reply to all notices concerning benefit claims and requests for information.
- Report vacation, separation, retirement, or pension payments.
- Mail all appeals within the period provided by law.
- Attend all appeal hearings and present factual information and evidence.
- Offer job openings to laid-off employees or contact other employers to help find work for them.

FILE REPORTS TIMELY

Employer's Unemployment Tax Reports which are not filed timely are subject to a late filing penalty:

Late 0 - 15 days	5% of the tax due
16 - 30 days	10%
31 - 45 days	15%
46 - 60 days	20%
Over 60 days	25%

There is a minimum penalty of \$25.00

Tip: Make every effort to pay the taxes when they are due. If you do not have the money, file the report timely without payment and include a proposed payment schedule. You will not be assessed the filing penalty if the report is received timely.

PAY TAXES TIMELY

Unemployment taxes which are not paid timely are assessed interest at the rate of 1% per month. If payment or satisfactory payment arrangements are not made after the first billing notice is received, an additional payment penalty of 5% is assessed. There is also a 1% surcharge added to your unemployment tax rate for any contributions owing for the past fiscal year (July 1 through June 30).

Tip: Make every effort to pay your taxes when they are due. If you cannot do so, promptly contact DWS and make payment arrangements. You will still be charged interest on the unpaid balance, but you will not be charged the payment penalty and generally will not have a lien filed if payment arrangements are current.

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ANOTHER REASON TO PAY TAXES TIMELY

You receive a 5.4% credit against your federal unemployment tax of 6.2% if you pay all your state taxes by January 31. Payments made after that date only receive 90% of the credit. DWS is required by law to provide the IRS with a tape of all employers' payments. The IRS compares your Federal 940 Unemployment Tax Report against that tape. If payments are not shown as timely, the IRS generates an additional assessment, plus interest and penalty.

FILE PROPER WAGE LISTS

Your quarterly employee wage lists must be filed on a DWS approved form and in a proper format. Failure to do so may result in the assessment of a \$50.00 wage list penalty.

For further information on wage reporting, see the downloadable executive summary "Quarterly Wage Reporting" at <http://jobs.utah.gov/employer/resource/servicetopics.asp>.

DON'T MISCLASSIFY WORKERS

Individuals may be classified as independent contractors and excluded from unemployment tax coverage if they meet two criteria.

1. The individual is customarily engaged in an independently established trade, occupation, profession, or business of the same nature as that involved in the contract of hire for services.
2. The individual has been and will continue to be free from your control or direction.

***Tip:** Make certain that workers not on your payroll are independently established in their own business. A simple test is to ask one question: "What will their status be when they are finished working for me?" If the answer is unemployed, that's a good indication that they are not independently established.*

For further information on determining employment status, see the downloadable executive summary, "Employment Status" at <http://jobs.utah.gov/employer/resource/servicetopics.asp>.

CONTACT INFORMATION

Unemployment Insurance

In Salt Lake Valley

- (801) 526-9400 New Employer Registration and Quarterly Contribution Reports
- (801) 526-9350 Benefit Charges
- (801) 526-9450 Quarterly Wage Lists
- (801) 526-9370 Collections

Or toll free for in-state employers
(800) 222-2857



Department of Workforce Services

140 East 300 South Salt Lake City, Utah 84111 1-888-920-WORK jobs.utah.gov

A proud member of America's Workforce Network. Equal Opportunity Employer/Program.

Auxiliary aids and services are available upon request to individuals with disabilities. Call (801) 526-9240. Individuals with speech and/or hearing impairments may call the state relay by dialing 711. Spanish Relay Utah: 1-888-346-3162.